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August 29, 2003

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AUG 29 2003

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S W
Washington, D C 20554

RE. Ex Parte Notice -- Public Notice
MB Docket No 02-230, CS Docket No. 97-80 and PP
Docket No 00-67

Dear Ms Dortch

On August 27, 2003, Andrew G Setos of Fox Entertainment Group, Inc , Ron Wheeler of Fox Entertainment Group, Inc , and Maureen O'Connell of The News Corporation Ltd met with Commissioner Michael Copps and Jordan Goldstem of Commissioner Copps' office to discuss the Broadcast Flag and Plug and Play proceedings and the impact that these proceedings will have on the ability of the content and distribution communities to protect content against piracy as well as to develop new and innovative consumer friendly business models

Specifically, the participants stated their support for the FCC moving forward with the Plug and Play rule and that their recommendations will not hinder the ability of the consumer electronics industry to bring devices to market in a timely manner They discussed their concerns with federally mandated encoding rules and the impact such rules would have on present and future business models of the cable and satellite industries

In addition, they expressed their concern that even federally mandated encoding rules would become moot if the Commission did not address two specific aspects of the Plug and Play order First, the rule must deal with compromised digital outputs If there is no effective and neutral mechanism within the rule to take into account a compromised digital output, then the encoding rules are meaningless as a practical matter and the content and distribution communities would lose the ability to protect their products and services over

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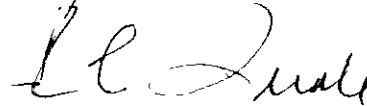
the cable platform. This would have a negative impact on consumers by forcing content providers to look at other delivery mechanisms for high value content as they develop new business models. High value content may only be delivered through the Internet using strong DRM technologies or pre-recorded formats that use strong DRM technologies. Second, the FCC should address as part of the Plug and Play agreement the inability of high definition analog outputs to protect all forms of digital content. High definition analog outputs represent as much of a threat to the protection of content and future business models as does a compromised digital output. Unless there is a mechanism within the Plug and Play rule to securely transmit content through an analog output, there is no effective protection mechanism for content in the digital set top box of the future.

Finally, they stated that the Broadcast Flag proceeding must be part of, or move in tandem with, the Plug and Play proceeding. If the plug and play deal becomes the law of the land, the consumer electronics industry will begin to build devices that have both plug and play cable compatibility and built in DTV receivers. If these dual products are built without the ability to read and respond to the broadcast flag, the FCC will have created an unnecessary legacy problem that it may never be able to rectify. This will make free over the air DTV a second-class delivery mechanism and potentially cripple the future of DTV.

Pursuant to Section 1.1206(b) of the Commission's Rules, this letter is hereby submitted for the record in this proceeding. Copies are also being provided to those at the FCC who attended the meeting.

If any questions should arise concerning this matter, kindly contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "John C. Quale", written over a horizontal line.

John C. Quale

cc Commissioner Michael Copps
Jordan Goldstein, Esq.